



## hfm TOOLBOX

Brian Robertson

# denials overturn analysis

Create a comprehensive denial code with only six characters by grouping elements from this matrix. Note that numbered elements vary in definition by their location in the matrix.

Denial Code Matrix					
Soft Denial			Hard Denial		
Clinical	Technical/Administrative	Underpayments	Clinical	Technical/Administrative	Underpayments
SC1	ST PA1	SU1	HC1	HT PA1	HU1
SC2	ST PA2	SU2	HC2	HT PA2	HU2
SC3	ST PA3	SU3	HC3	HT PA3	HU3
SC4	ST PA4	SU4	HC4	HT PA4	HU4
SC5	ST PA5	SU5	HC5	HT PA5	HU5
	ST PA6	SU6		HT PA6	HU6
	ST PA7	SU7		HT PA7	HU7
	ST MR1			HT MR1	
	ST MR2			HT MR2	
	ST MR3			HT MR3	
	ST MR4			HT MR4	
	ST MR5			HT MR5	
	ST FS1			HT FS1	
	ST FS2			HT FS2	
	ST FS3			HT FS3	
	ST FS4			HT FS4	
	ST FS5			HT FS5	
	ST FS6			HT FS6	
	ST FP1			HT FP1	
	ST FP2			HT FP2	

### Denial Code Matrix Key

#### C Clinical

- C1 Medical necessity
- C2 Noncovered service
- C3 Util/Level of care
- C4 Nonemergent

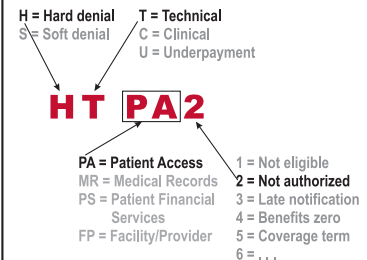
#### T Technical/Administrative

- PA Patient access
- PA1 Not eligible
- PA2 Not authorized
- PA3 Late notification
- PA4 Benefits zero
- PA5 Coverage term
- PA6 COB (Other insurance prime)
- PA7 COB (Auto insurance coverage)
- MR Medical records
- MR1 Service not paid
- MR2 Invalid recipient age
- MR3 Invalid Gender
- MR4 Diagnosis not covered
- FS Patient financial services
- FS1 Duplicate claim/service
- FS2 Timely filing limit
- FS3 Lack of information
- FS4 Payment adjustment to UCR
- FP Facility/Provider
- FP1 Invalid NO provider number
- FP2 Provider # license not on file

#### U Underpayments

- SU1 Underpayment/Payment not equal to claim
- SU2 Underpayment/Payment not equal to case rate
- SU3 Stop loss not paid - Payer paid routine
- SU4 Underpayment/Paid wrong DRG
- SU5 Underpayment/Correct % of charges not paid
- SU6 Underpayment/Invalid fee schedule
- SU7 Underpayment/Incorrect per diem paid

### Anatomy of a Denial Code



**Brian Robertson**

## denials overturn analysis

### TOOLS TO SHARE

If you have developed a useful tool that you'd like to share, please contact Carole Bolster, senior editor, at [cbolster@hfma.org](mailto:cbolster@hfma.org).

The first rule of effective denials management is to thoroughly understand your denials portfolio. Such an understanding is impossible without overturn analysis based on the details of all three denial states: pending, won, and lost. Only with a complete data set can you obtain the win/loss metrics that present an accurate assessment of your denials status:

- > What is my win/loss experience of denials (by payer, functional area, reason code)?
- > Where am I successfully overturning denials (by payer, functional area, reason code)?
- > Where am I unsuccessfully overturning denials (by payer, functional area, reason code)?

Knowing your true situation, you can develop a macro strategy for getting to the root causes of major denial types and thus forestalling future denials, and a micro strategy for highlighting and overturning individual denials that have common success potential. You have the best of both worlds. But only universal, claim-level granularity can provide the total solution. And there, as Shakespeare said, is the rub.

The challenge in achieving granularity is to overcome the tendency of internal departments and external payers to define claims in different and conflicting ways. The answer is codification.

Using an alphanumeric code that contains the essential characteristics of a denial makes that denial available for overturn analysis and for work list generation.

Once you have a denials code that suits your organization, it should be adopted by all departments and applied to all denials, including write-offs. Interim denial transactions should not only be recorded, but also codified, using a mapping matrix of denial code components. Then you can use crosswalking to apply complementary coding to subsequent transactional activity from payers (typically presented in the form of electronic or paper remittance advices). The coding commonality enables you to compare payer activity with the original recorded interim denial, thus providing a complete denials data set.

Using denial overturn analysis, you can mine your denials data set to spot trends that lead to internal process improvements, reduce the likelihood of future denials, and create work lists that point collection and billing staff to the most promising candidates for overturn. ●

---

Brian Robertson is senior vice president, MedeFinance, Inc., Emeryville, Calif., and a member of HFMA's Northern California Chapter ([brobertson@medefinance.com](mailto:b Robertson@medefinance.com)).